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First District

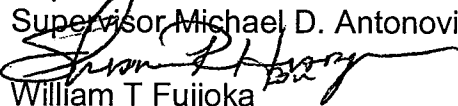
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Fifth District

April 18, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich
From: 
William T Fujioka
Chief Executive Officer

WASHINGTON, D.C. UPDATE

Moratorium on Pending Medicaid Regulations

On April 16, 2008, the House Energy and Commerce Committee approved, 46 to 0, H.R. 5613 (Dingell, D-MI), a bill which would extend, until April 1, 2009, the current moratorium blocking the implementation of pending regulations which, otherwise, would limit Medicaid payments to public providers to the cost of providing services to Medicaid recipients and eliminate Medicaid reimbursement of Graduate Medical Education (GME) costs. The bill also imposes a moratorium on the implementation of five other pending regulations which would reduce Medicaid payments for hospital outpatient services, rehabilitative services, targeted case management services, and school-based services, and which would restrict the use of health care provider fees to finance the non-federal share of Medicaid costs.

In addition, H.R. 5613 provides \$25 million a year for Medicaid anti-fraud activities and requires an independent review of the regulations and their impacts on states and a report on the system used by states to report Medicaid claims with recommendations on how to improve the accuracy and completeness of claims. The bill would offset the estimated \$1.65 billion cost of its moratorium on regulations by requiring the electronic verification of the assets held by Medicaid applicants and recipients and by borrowing funds from the Physicians Assistance and Quality Improvement Fund in 2013, to be repaid in 2014.

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Last year, as part of the Iraq War supplemental appropriations bill (Public Law 110-28), Congress blocked the implementation of the Medicaid public provider payment limit and GME regulations for one year after the bill's enactment. The public provider payment limit rule could take effect as soon as this moratorium expires on May 25, 2008 because it was issued as a final rule on May 25, 2007. If implemented, these two regulations could reduce annual Medicaid revenue to the County by an estimated \$240 million.

The Bush Administration has threatened to veto H.R. 5613. On a positive note, Representative Barton (R-TX), the Ranking Minority Member of the House Energy and Commerce Committee stated that he believed that there are sufficient votes to override in both houses. However, Senator Grassley (R-IA), the Ranking Minority Member of the Finance Committee, which has jurisdiction over Medicaid in the Senate, criticized the bill on the Senate floor. He indicated that the pending regulations address "real problems" with Medicaid that should be addressed this year rather than kicked "down the road."

Technical Corrections to 2005 Highway and Transit Legislation (H.R. 1195)

On April 17, the Senate voted 88 to 2 to pass H.R. 1195, legislation to make technical corrections to the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users bill, which was enacted in 2005. The House of Representatives previously approved technical corrections bills in March and in August of 2007. The House also approved technical corrections legislation in the 109th Congress (2005-2006) which were never acted on by the full Senate.

Of interest to the County, H.R. 1195 contains local match language that will permit the Federal Transit Administration (FTA) to give favorable consideration to Phase II of the Exposition and Foothill Light Rail Projects by taking into account the fact that the first phase of these projects were built with 100 percent non-federal funds. The legislation also formally authorizes the Los Angeles MTA Rapid System Gap Closure Project, which received \$16.3 million in appropriations funding in Federal Fiscal Year (FFY) 2008.

H.R. 1195 will now go back to the House which must vote to approve changes made by the Senate. This vote is expected to occur in the near future.

We will continue to keep you advised.

WTF:GK
MAL:MT:hg

c: All Department Heads
Legislative Strategist